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The Honorable Spencer Abraham
U.S. Department of Energy
1000 Independence Ave., SW
Washington, D.C. 20585

Dear Mr. Secretary:

As you requested, I have reviewed the report by the Project On Government Oversight (POGO), "U.S. Nuclear Weapons Complex: Security At Risk" and provide my analysis below. Let me emphasize that I offer this analysis as my personal observations, based on my experience over the last 15 months as Chairman of the Commission on Science and Security, but I want to underscore that I am not speaking for the Commission as a whole.

I should say at the outset that I did not have the time to physically visit the Department of Energy (DOE) complex in the context of evaluating this report. I have, however, had the opportunity to visit a number of the DOE laboratories in my role as Chairman of the Commission. As such, my evaluation of the POGO report is based on a broad assessment of security procedures and issues in DOE, and the extensive contacts and associations I have developed in the course of the Commission's work. In addition, my staff did meet with the authors of the POGO report to review their claims, and interviewed a number of DOE officials about those claims.

The report argues that DOE is living with too much risk to physical security at certain sites, and that additional resources must be devoted to reducing those risks. The POGO report also argues that a stifling or hostile atmosphere remains in many parts of DOE and its contractors, and that this inhibits the free flow of information about security problems, thus leading to worsened security at many sites.

The details of the Commission's views and recommendations will be forthcoming in its final report to you. In general, however, the risks to DOE and its sites are far more complex and subtle than those posed in the POGO report. The Commission believes that DOE must adopt a comprehensive approach to security that is risk-based and tailored to the heterogeneous laboratory system. One important factor is that management needs a better system to determine how much risk it is willing to accept, and what the opportunity costs are of increasing or decreasing resources for security.

Adopting such an approach will require some significant changes on the part of DOE and its contractors.

The POGO report takes a narrow view of security, focusing heavily on the adequacy of "guns, guards, and gates." After a careful review, I find three flaws that limit the report's usefulness. Although there is room for improvement in the management of, and investments in, DOE's security, as noted above, the evidence the report offers to support its specific recommendations is not compelling. First, most of the issues and allegations raised in the report appear to be a recycling of old issues that have passed into irrelevance, been resolved, or been independently reviewed and dismissed. Second, the major assertions made by the report tend to rely on limited data or observation. Third, there is too little acknowledgement of the extent to which the Department recognizes the problems with security that the report identifies, or the actions that have already been taken to address these shortcomings. I would add that I am unaware of any senior DOE or contractor official who agrees with POGO that the physical security risks at DOE sites are at dangerously high levels.

I would note that the September 11 attacks have led DOE to reassess its vulnerability to certain types of attack scenarios. My understanding is that DOE is making adjustments to strengthen physical security.

The POGO report identifies five specific problems with DOE security, and proposes solutions to each:

Nuclear Materials Are Spread Across the Country. *POGO proposes that DOE close unneeded facilities, consolidate nuclear materials, and immobilize excess nuclear materials.* Based on my review, the Department has already initiated work here, although technical, financial, and political considerations have made progress slower than anyone would like. The problem the report identifies is well known to DOE, as are the solutions. In general, this part of the report seems to ratify DOE policies.

Bureaucracy Makes Security Tests Easier Rather than Fixing Problems. *The POGO proposal is to improve the effectiveness of protective forces by increasing their size and improving their weapons, equipment and tactics.* This issue is at the heart of the POGO report's concerns. POGO believes that the performance tests employed for protective forces at DOE sites are "dumbed down" to make the forces look better than they are. They argue that protective forces often lose in force-on-force tests. Further, they argue that the DOE notion of "testing to failure" in order to stress the system and ascertain the failure points is just bureaucratic jargon designed to excuse unacceptable failure. This set of problems is compounded, the report says, by a management atmosphere that stifles or represses the free flow of information. The end result, the report asserts, is that some DOE sites have inadequate protection, and other sites also have weaknesses that need to be remedied. POGO calls on DOE to increase the size and capabilities of the protective forces.

These are very serious allegations. Most of them have been around for years and POGO simply is restating them. I have reviewed these allegations with your Office of Independent Oversight and Performance Assurance (OA). They reported that there were two instances in the 1994-97 period when they felt a security test was likely

compromised because the laboratory security force received advance information about the attack scenario that permitted the security force to improve its response. OA did not think there were any recent instances of this kind.

The criticism that DOE protective forces "lose" force-on-force exercises more often than they "win" is I believe, based on our review and discussions with DOE officials, factually inaccurate and distorts the purpose of these exercises. The purpose of performance tests is not to "win" or "lose" but to provide a set of tests that will stress the system and determine where improvements are needed. They are designed to be learning exercises for command and control, individual performance, team performance and the numerous other elements that combine to make for an effective fighting force.

I believe that a useful analogy is found in the U.S. Army's National Training Center (NTC) at Fort Irwin. At the NTC, U.S. Army battalions are confronted in simulated battles by a dedicated opposition force. Overwhelmingly, the opposition force defeats the Army units. The Army has developed the NTC as a powerful method for its unit commanders to train and learn life saving lessons. No one is scored for how many battles they "win" or "lose." Performance at the NTC is intentionally separated from the officer evaluation process. The purpose of the NTC is not to win or lose, but to *learn*. That is precisely the purpose of the DOE force-on-force tests. The goal is to learn. The security force learns where it needs to improve. The Department learns where security procedures work and where they need to be changed.

The POGO report misses this central point, and instead judges the tests as evaluation mechanisms, not learning tools. The report asserts that in private conversations, members of special operations forces involved in "red team" exercises express concern over the poor performance of DOE protective forces. Individual soldiers performing a role as an attacking force may not understand this critical distinction between evaluation mechanisms and learning tools. Indeed, they could well believe it is all about winning. But that is not the purpose or the value of these tests.

Independence in Nuclear Security is Lacking. *POGO's proposal is to take security management out of DOE, and to move the Office of Independent Oversight and Performance Assurance out of DOE.* With respect to the first issue, I believe this is the wrong approach. Line managers – specifically, laboratory and other facility directors, with oversight from senior DOE line managers – must be given full authority and accountability for leading and managing security as part of their overall responsibilities. Security, like safety, must be embedded in the Department's missions and operations. Removing the responsibility for security from these officials to an outside entity would only make matters worse. It would exacerbate, not solve the fundamental problems of accountability, roles and responsibilities, and leadership commitment.

With respect to the Office of Independent Oversight and Performance Assurance, the real issues are whether this office is conducting independent and quality work, and whether anyone is listening to them. The authors of the POGO report believe that this

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office has been "pulling its punches" for many years. They argue this is because OA is internal to the Department of Energy, and because senior DOE officials have not wanted to hear the unvarnished truth. Thus, they believe, OA is in the awkward position of having to contradict itself if it now wishes to sound the alarm about security. In their view, some of the credibility of this office has been lost.

In the 15 months we have been working with OA, I have not felt that this office pulled its punches. I have no reason to believe that the quality of its work has been compromised by its position within the Department. I note that this office is called upon regularly, by members of both parties, to testify before the Congress, in its capacity as an independent voice. It is important that you continue to have an internal but independent group of experts who have no agenda but the discovery of ground truth, regardless of the consequences. The POGO report does not make a compelling case against the work of this office, or against its placement in DOE. I would note that the General Accounting Office (GAO) serves the purpose of a totally external review agency. We met with representatives from the GAO who said they reviewed the POGO report and decided the allegations did not justify further investigation.

Computers Containing Nuclear Secrets Remain Vulnerable. *POGO believes the solution is for DOE to convert to media-less computing.* The issue of cyber security is not discussed extensively in the report. I interpret the proposed solution to mean that DOE should buy new information technology (IT) systems without removable media, such as hard drives, tapes, etc. That is how some elements of the intelligence community have designed their IT systems, and in 1999 the Department gave direction to a number of its sites to do the same. Here I have two observations. First, I do not know that this guarantees security against a dedicated inside agent. Second, I believe a more comprehensive solution is required. Media-less computing may be an element of that comprehensive solution, but standing alone it fails the basic test of being effective. The Commission will discuss cyber security more extensively in its report to you.

DOE Security Forces Cut by 40%. *POGO's proposal is to consider security budgetary needs independently, and increase security budgets to increase the size of protective forces.* I do not agree that a centrally-managed security budget is helpful and I base this on serving for four years as the Department of Defense (DoD) Comptroller. This type of budgeting process introduces too much inflexibility into the resource allocation process, where line managers need a certain amount of flexibility as security needs change during the budget cycle. A centrally managed budget that puts fences around security funding can actually undermine the objective of enhancing security, because it can create a situation where funding cannot be readily increased or reallocated when unexpected needs arise.

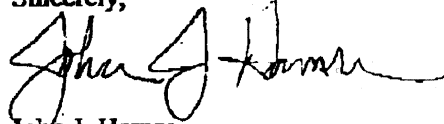
We had an analogous situation when I was at the Defense Department. When terrorists attacked Khobar Towers, we made substantial changes that required realignment of significant resources. We were able to undertake those changes quickly because we were not hamstrung by artificial funding constraints. I also found when I was DoD Comptroller that "fenced" funds encourage budget games. People intentionally underfund budget items that they know the front office considers sacred,

believing that the front office cannot stand it and will give them more money. For these reasons, I strongly argue not to centrally manage or fence security funds.

The report argues that with the increase in the amount of nuclear material at DOE sites, the size of the protective forces should be increasing, not decreasing. However, the key factor here is not the amount of nuclear material inventory, but the number of sites and how efficiently materials are stored at each site. For that reason, given the closure of several DOE sites over the past decade, it would not be inherently illogical if the numbers of protective forces had declined overall. At some remaining DOE sites, on the other hand, protective forces have been increased in both numbers and quality. For example, at Los Alamos National Laboratory (discussed extensively in the POGO report), protective forces have increased by approximately 50% in the last decade, and at the TA-18 site they have increased by approximately 40% in the last five years, according to DOE and laboratory officials. In addition, my understanding is that the quality of these forces and their equipment is much improved. I also know of specific steps that have been taken at TA-18 and elsewhere that have significantly improved the security picture since September 11. None of this is covered in the POGO report.

In summary, the specific assertions and recommendations made in the report are not well supported. With respect to the report's central assertion regarding the inadequacy of security at DOE sites, a wide range of DOE and contractor officials, including the head of your own Office of Independent Oversight and Performance Assurance - while acknowledging a variety of security shortcomings - do not agree with POGO's assessment. DOE does have high priority security challenges that it must meet - the more so after September 11. The Commission takes the view, as communicated when we briefed you on an interim basis in October, that DOE is indeed at risk of undermining security and compromising its science and technology programs at its laboratories. However, the proposals made in the POGO report for improving security are either under way (e.g., consolidation of nuclear materials), incomplete (e.g., media-less computing), or oversimplified (e.g., centralize security budgets; increase the size of protective forces). Rather, the development of a risk management approach to security, combined with strong line management accountability, effective oversight, and the continuous search for new and better security tools and techniques, should be your top priorities.

Sincerely,



John J. Hamre
President and CEO